



North Carolina Department of Health and Human Services
Division of Social Services

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September 19, 2014

Food & Nutrition Services (FNS), Medicaid, NC Health Choice, Child Support (IV-D), TANF, Work First Maintenance of Effort, Low Income Home Energy Assistance Program (LIHEAP), Foster Care Title IV-E Administration, Adoption Assistance Title IV-E Administration, Social Services Block Grant (SSBG)

ON-SITE FISCAL MONITORING REPORT
FOLLOW-UP and CORRECTIONS COMPLETED

DSS County:	<u>Jackson (Regular)</u>
On-Site Monitoring:	<u>June 25, 2014</u>
Review Periods:	<u>December 2013 and April 2014</u>

I Purpose

To review DSS-1571 fiscal reporting for staff costs and purchase of services for Food & Nutrition Services (FNS), Medicaid, NC Health Choice, Child Support (IV-D), TANF, Work First Maintenance of Effort, Low Income Home Energy Assistance Program (LIHEAP), Foster Care Title IV-E Administration, Adoption Assistance Title IV-E Administration, and Social Services Block Grant (SSBG) to determine if costs are claimed correctly.

II Monitoring Review

The NC Division of Social Services conducted a formal "on-site" monitoring of randomly selected Food & Nutrition Services (FNS), Medicaid, NC Health Choice, Child Support (IV-D), TANF, Work First Maintenance of Effort, Low Income Home Energy Assistance Program (LIHEAP), Foster Care Title IV-E Administration, Adoption Assistance Title IV-E Administration, Social Services Block Grant (SSBG), State In-Home and TANF to SSBG expenses. The Budget Office Monitoring Worksheet is attached for additional information. Our monitoring included a sample of **December 2013** and **April 2014** reported expenditures; therefore does not guarantee all errors have been found. Correct reporting is the responsibility of the county. Noted below are the results:

Part I – Salary and Fringe Benefits

December 2013

No deficiencies are noted; therefore, no corrections are needed.

April 2014

No deficiencies are noted; therefore, no corrections are needed.

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Part II - General Administrative Costs

Finding # 1

December 2013

1. An expense for dues and subscriptions (notary fees) for B. Green was claimed as 310 General Administrative Support and should be 311 Indirect Administrative Support.
2. An expense for dues and subscriptions (notary fees) for R. Moore was claimed as 310 General Administrative Support and should be 311 Indirect Administrative Support.

Source

DSS Fiscal Manual Section III – Developing Cost on the DSS-1571 Report

Section III-B Cost Reporting on the DSS-1571 Part II

http://info.dhhs.state.nc.us/olm/manuals/ooc/fsc/man/FSCs3-01.htm#P1952_55039

3. The exception to this instruction applies to Code 310 General Administrative Support and Code 311 Indirect Administrative Support. Amounts entered in these codes will be distributed to all programs rather than being directly charged. Code 311 will include items that are not in direct support of workers efforts. Examples of costs assigned to this code are advertising cost; retiree benefits; membership fees, subscriptions; publications of a general nature and non-rental Indirect Cost from the Indirect Cost Plan previously report as Indirect Cost in Code 310. Code 310 will include items which are in direct support of workers efforts. Examples of costs assigned to this code are rent; phone; postage; equipment rental; printing charges; building depreciation; capital outlay equipment; Indirect Cost (rental related not reported in Code 311); and professional services including interpreters, and doctors fees for providing testimonies on behalf of clients.

Required Action

December 2013

1. Make adjusting entries on the 1571 Part II subtracting \$10.00 from 310 General Administrative Support and adding to 311 Indirect Administrative Support.
2. Make adjusting entries on the 1571 Part II subtracting \$50.00 from 310 General Administrative Support and adding to 311 Indirect Administrative Support.

County Response

[\\$60 will be deducted from 310 and added to 311 on the August 2014 1571, uploaded in September.](#)

Finding # 2

December 2013

In-home Aide Overhead was incorrectly subtracted from 310 General Administrative Support; the correct code to use is 311 Indirect Administrative Support.

April 2014

In-home Aide Overhead was incorrectly subtracted from 310 General Administrative Support; the correct code to use is 311 Indirect Administrative Support.

Source

DSS Fiscal Manual Section III - Developing Cost on the DSS-1571 Report

Section III-B C Reporting on the DSS-1571 Part II

http://info.dhhs.state.nc.us/olm/manuals/ooc/fsc/man/FSCs3-01.htm#P1937_54926

b. The amount of In-Home Aide overhead determined by the computation on Form-3538 and reported by funding source on the DSS-1571, Part II, is to be subtracted from the total reported in Column 2 on line 311 of the current DSS-1571 Part II. This adjusted amount on line 311 will be distributed to all programs using the current cost allocation procedures.

Required Action

December 2013

Make adjusting entries on the 1571 Part II subtracting \$891.36 from 311 Indirect Administrative Support and adding \$891.36 to 310 General Administrative Support.

April 2014

Make adjusting entries on the 1571 Part II subtracting \$890.15 from 311 Indirect Administrative Support and adding \$890.15 to 310 General Administrative Support.

County Response

\$1,781.51 will be subtracted from 311 and added to 310 on the August 2014 1571, uploaded in September.

Finding # 3

December 2013

Late fees appearing on the General Ledger for several phone and internet invoices was claimed for reimbursement as a 310 General Administrative Services expense. Late fees are not an allowable expense as they are considered a fine/interest for having not paid the invoice on time.

Source

DSS Fiscal Manual Section II - Determination of Allowable/Unallowable Cost

Section II-B Unallowable Cost – General Information

http://info.dhhs.state.nc.us/olm/manuals/ooc/fsc/man/FSCs2-01.htm#P259_23501

5. Fines and penalties resulting from violations or failure to comply

Required Action

December 2013

Make an adjusting entry on the 1571 Part II reducing 310 General Administrative Support by \$26.55.

County Response

\$29.94 was subtracted from 310 on the June 2014 1571, uploaded in July. The additional \$3.39 was late fees of \$3.36 in July 2013 and \$0.03 in April 2014 we mistakenly claimed. See attached worksheet.

	<u>310</u>	<u>311</u>				
Total Part II Adjustments for December 2013	\$804.81	(\$831.36)				
Total Part II Adjustments for April 2014	\$890.15	(\$890.15)				

Part IV – Purchased Services

December 2013

No deficiencies are noted; therefore, no corrections are needed.

April 2014

No deficiencies are noted; therefore, no corrections are needed.

III Conclusions

As reported to the Fiscal Compliance monitor on September 16, 2014, all correcting entries were completed on the 1571 for service months June 2014 and August 2014 reported in July 2014 and September 2014. The Fiscal Compliance Monitor has verified the corrections on subsequent DSS 1571 reports and has documentation to support the corrections. No further action is needed; the prior findings are now corrected.

IV Appeal

If the county disagrees with the monitoring results, the appeal process is to submit a written appeal to Kathy Sommese, Budget Officer, NC Division of Social Services, 2417 MSC, Raleigh, NC 27699-2417, no later than thirty (30) days from the date of this letter.

Submitted By: Regina French, Fiscal Compliance Monitor

Cc: Kathy Sommese, NCDSS Budget Officer; Dana Sisk, Local Business Liaison